Congress of the United States
Washington, DC 20515

March 18, 2005

The Honorable John Snow
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20515

Dear Mr. Secretary:

We recognize the importance of addressing International Monetary Fund (IMF) debt relief for developing nations to alleviate the tremendous economic and social burdens placed on them and believe the United States should continue to be engaged in efforts to equitably deal with such burdens wherever feasible. We encourage you to continue the Treasury Department's efforts within the G-8 and elsewhere to pursue creative options for such debt relief which might include debt moratoria, debt forgiveness and conversion of debt into grants to name a few.

According to news reports, a number of debt relief options were discussed by various countries at the G8 meeting earlier this year in London, including the use of IMF gold reserves. While we encourage you to seek solutions to the debt crisis of developing nations, we write in opposition to the use of IMF gold for this purpose. The sale of IMF gold would be detrimental to many developing nations and cannot be justified.

You are no doubt aware that the U.S. Executive Director to the IMF is prohibited by U.S. law from voting to sell IMF gold reserves in the absence of direct congressional authorization to do so. This congressional oversight was reviewed and substantially enhanced in 1999, following a proposal to sell IMF gold reserves to assist Heavily Indebted Poor Countries. The mere discussion of that proposal had an immediate negative effect on the price of gold, pushing it to a twenty year low. That price pressure in turn contributed to unemployment and several mine closures in the Western gold mining states of Nevada, Colorado, Montana, South Dakota, Idaho, Utah, New Mexico, California, Alaska and Washington. Indeed, just the recent public reports that gold is once again being discussed in the context of IMF debt relief have caused the market price to decline.

The United States is the second largest producer of gold in the world. This capital-intensive industry is of great importance to the economies of many rural communities in the American West and to the manufacturing states where mining equipment is produced. As a nation, we export billions of dollars of gold and manufacturing equipment. This part of our economy makes an important, positive contribution to the U.S. balance of trade.

American companies are building new and modern gold mines in many of the nations of sub-Saharan Africa, Latin America and in the former Eastern bloc. These projects bring vital employment opportunities, infrastructure development, health care and educational services to these regions. U.S. companies are helping to create sustainable economies that allow developing nations to tap their mineral wealth and realize their full economic potential. The IMF should not pursue polices that will discourage these investments and thus harm the very nations that debt relief seeks to assist.

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In conclusion, we applaud Under Secretary John Taylor for his strong public comments at the G8 meeting opposing the use of IMF gold. We urge you to continue to oppose any proposal to use IMF gold reserves that may be made at the upcoming G8 Finance Ministers meeting in April. Your continued leadership in this regard is vital to protect American jobs at home and U.S. investments overseas.

Sincerely,

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John T. Doolittle

[illegible]

[illegible]

[illegible]

[illegible]

Steven Pearce

Cathy McMorris

J.D. Hayworth

JoAnn Emerson

Ken Calvert

Don Young

Trent Franks

Marilyn Musgrave

C.L. "Butch" Otter

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